

Remarks of Jay H. Walder
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Association for a Better New York
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Thank you, Bill, for that very warm welcome. And thank you to ABNY for having me here today.

ABNY is such a part of New York's civic scene that it's easy to take for granted. I found this out the hard way when I was working for the transportation system in London. I was working with the Mayor on a big initiative and we needed to reach the City's business and civic leaders to get them on board. I recommended that the Mayor speak at an ABNY breakfast. He gave me a puzzled look and said, ABNY? So it's good to be home. Where people know what ABNY is and I can watch my Jets in the playoffs.

Of course, ABNY's relationship with the MTA goes back a long way. I know that when Dick Ravitch was chairman he came here and asked for your help in pushing for the first capital plan. Your support for those investments helped pave the way for the transit system's remarkable turnaround.

When I started my career at the MTA in 1983, our graffiti-scarred trains and buses were a national symbol of urban decay; today, millions of riders enjoy reliable, safe service on new or rebuilt equipment. And for the first time in a generation, the MTA is expanding the transit system with the construction of East Side Access, the Second Avenue Subway and the Number 7 Line extension.

Clearly we've come a long way. It is important to recognize this turnaround; I think we can all agree on that. But I'm not here to give you that MTA speech again. From my perspective, the time for the MTA to pat itself on the back has long passed. There's no question we've improved, but in many ways the MTA has fallen behind the rest of the world. I'd like to give you a few examples.

Many cities now have a system to tell riders when the next train is coming. In London, for example, you'd walk down the stairs, look up at a digital sign and know that the train would arrive in 2 minutes, or 4 minutes or 8 minutes. You had a sense that someone was in control, that your commute was not in chaos.

Coming back to New York, I'm reminded of the special system we have here: we come down the stairs, we walk to the edge of the platform, and we lean over the edge in hopes of seeing a white light at the end of the tunnel. You see it every day; people walk to the edge, step back for a few seconds, then go to the edge and look over again. What comes across is a sense of angst and anxiety.

Another example is on our bus system, which moves 2.5 million people each day but could do so much more. I spent some time living in Singapore and there, the buses zoom along like they're on tracks. Why? Because people know that the bus lane is for buses, and wouldn't dare drive their car in the bus lane, never mind park it there. Okay, okay, so Singapore is an extreme example – but the same is true in Cleveland, Eugene, Oregon...even Bogota, Colombia.

But here in New York you can't go half a block without seeing a car or delivery truck in the bus lane. It doesn't make us criminals – we're just dropping the kids off or running in to grab a cup of coffee – the reality is we block a bus with 75 people and it doesn't make sense. We must convince people that if they're in a bus lane, they will get a ticket. If we can, the bus can become a reliable mode of transportation in New York.

When I started in October, I pledged to spend my first 100 days riding our buses and trains and working on solutions to these problems. I expected to be here today – technically my 103rd day – to talk about aggressive plans for finally starting to catch up with the rest of the world.

But I'd barely gotten my feet on the ground when the State's fiscal crisis hit the MTA, and hit us hard. We had to react quickly to balance our budget, and that required some painful decisions – instead of improving service, we've had to make cuts.

In this economic climate, it is my responsibility to assure our customers and taxpayers that we're using every dollar as effectively as possible. Unfortunately, as of today, it's not true...and fixing that needs to be my top priority.

While there's a common nameplate on the doors, the MTA is really a collection of two dozen formerly independent operations that were merged over the past 40 years. You all know that in your business, when companies merge, they streamline operations and reduce redundancies. You take the best from each company and use the merger to cut costs and operate more efficiently. In my days at McKinsey, we would call this post-merger management. Well, the MTA has gone through plenty of mergers, but its never done the management part. It shouldn't be a surprise then that the organization is not nearly as efficient as it needs to be.

Let's say you want to call the MTA to ask a question about transit service or report a problem. You're in luck! We have a choice of 92 different numbers for you to call, and we operate 5 separate call centers. This is one of the reasons we still have over 5,000 people doing administrative tasks.

We need to tackle this administrative inefficiency, and we will, but 90 percent of the MTA's workforce is focused on service delivery. There are enormous opportunities for efficiencies there as well.

For example, for every dollar the MTA receives in fares, we spend about 15 cents selling and collecting tickets and MetroCards. Fifteen cents may not sound like a lot, but multiply it by the \$5 billion we collect in fares and tolls. Now obviously you need to collect the fares, but you can see that doing it a little more efficiently – say for 12 or 13 cents instead of 15 cents – would save millions or even hundreds of millions of dollars.

That's exactly what other companies have been doing. Airlines, hotels and car rental agencies have moved to online reservations and self-service. Customers find it more convenient, and the companies have gained tremendous savings.

We also need to take a hard look at the service we provide. Most of it is essential – which is why the service cuts we've been forced to make are so painful. But there are other services that no longer make sense. I just learned that we run an express bus from Grand Central to Wall Street. A grand total of 20 people take this bus each day, and it costs the MTA \$80 per person to run this service. I can assure you that we won't be running the X25 much longer.

I could go on and on, but that is exactly the point: this cannot continue to go on and on. The current economic climate demands that we take this once in a generation opportunity to transform the way the MTA operates. And I intend to take it.

We will attack the MTA's cost structure, looking at every aspect of our operation to find better and less expensive ways of providing critical service. We will look at the MTA as it should be – as one entity – and not as the separate fiefdoms that have evolved. I know it will be painful. We will be forced to find new ways of thinking and there will be layoffs, but we have no choice.

We will take the same approach with our capital program. We must ensure that every capital investment will reduce our operating costs or improve customer service or safety. We need to be focused on achieving these results.

Now, I am not naïve as to how difficult it will be to make structural changes at the MTA. Both our management team and our labor partners will have to be fully committed to the effort. I firmly believe that the MTA's future relies on a well-trained and well-compensated workforce. But, it is also essential that all of our employees are working as productively as possible. We must work together to address outdated processes and work rules that drive up costs and hurt the credibility of the MTA and its unions.

Clearly we have a lot of work to do to make the MTA a more efficient organization. But the end game is always to improve the service we provide. That's why we're here. When I go around the region, people have been asking me if it's also possible or even smart to try to improve service now. Can we really do both things? The answer I give is simple: we must! Our customers have waited too long for basic service improvements; we can't let the current economic downturn be an excuse for standing still.

Instead we have to pilot new technology and develop private sector partnerships to advance customer improvements in tough times. As you can see in the books on your tables, this year we will move forward in every area I've spoken about:

- We'll improve bus service by working with the City on bus lane enforcement in key areas. Police Commissioner Ray Kelly and Transportation Commissioner Janette Sadik-Khan have been tremendous partners and I'm glad to see them here today.
- We'll also be bringing more countdown clocks to the subway system and testing similar signs for buses
- We'll be working with MasterCard on a smart card pilot that will help break down regional barriers with PATH and NJ Transit
- And we're pursuing similar solutions to improve subway stations, speed traffic on our bridges and tunnels, and provide more real-time information to rail customers

Now I said at the start that I wasn't going to give the usual MTA speech, but I am going to close in the usual way. I need your support. ABNY was created during the City's fiscal crisis as a voice for the future of New York. You recognized that even in the worst economic times it is important to improve our quality of life. You were right then, you're right now, and we need that voice more than ever.

Thank you.

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